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SUBJECT: CAR: THE DECLINE OF THE COTTON INDUSTRY

¶1. Cotton and coffee are the most important cash crops of the Central African Republic. These products were promoted in the 1930s by the French colonial administration. Successive parastatal companies were established for cotton production and marketing over the time since the fifties. In 1990, the number of people involved in the cultivation of cotton was estimated at 100,000 mostly in the northern prefectures of Ouham, Ouham-Pende, Kemo, Nana Gribizi and Ouaka.

¶2. From 21,575 tons in 1992, the cotton production reached to 41,500 tons in 1995 and 50,200 tons in 1997. The Central African cotton importers used to be European Union country members but also some Arab countries. Since 1999, the cotton sector started to experience a major crisis as result of the collapse of the international market prices. Various adjustment measures were implemented by the Central African Government, including the restructuring of the sector, elimination of input subsidies, lowering of the producer price, and cuts in operating costs of the cotton parastatal company. According to officials from the Ministry of Rural Development, the cotton production in 2007 was estimated at 2,621 tons.

¶3. Several parastatal companies were created to handle cotton production and marketing over the time since the colonial era. The first one was COTONAF, followed by Societe Centrafricaine de Developpement Agricole (SOCADA) in the 1980s and SOCOCA in 1992. SOCOCA was privatized in 2002 and became Societe Centrafricaine de Developpement des Textiles (SOCADETEX). As SOCOCA, SOCADETEX met with difficulties in securing crop credits from the local banks to purchase cotton from producers and failed to collect the produce from the farmers. The October 2002 coup attempt which led to the control of the North (cotton production areas) during several months by Bozize's men exacerbated the difficulties of the sector. Many cotton plants in Bossangoa, Kaga Bandoro, Dekoa, Pende and Grimari were destroyed by Bozize's men during the rebellion. In many cases, the cotton farmers fled, fearing military operations, leaving fields and villages. Since 2006 new rebellions' in the north prevented cotton production in Ouham, Ouahm Pende Kemo and Nana Gribizi prefectures, most of the villages being burnt and the population fleeing to the bush..

#### Prospects for cotton sector

¶4. According to an official from the Ministry of Rural Development, the current Government is committed to have the cotton sector activities restarted. After the failure of SOCADETEX to collect cotton from the growers, the Government created a new cotton public company named Societe de Fibre de Centrafrique (SOFICA) in February 2008. As with previous government cotton entities, SOFICA will promote cotton production and marketing. As of today, the company is not yet operational. The Government is still looking for private partner. This kind of partnership in the cotton sector existed until 1999 with CFDT, a French private company. GEO COTTON HOLDING, a new French player in the cotton sector is being approached by the Central African authorities. However in addition to the insecurity in the former cotton-growing regions, international market prices continue to be a major constraint to the viability of the cotton sector in the CAR.

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